

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 SCEM-02 CAB-09 CIAE-00 COME-00

DODE-00 INR-10 NSAE-00 RSC-01 FAA-00 TRSE-00 SS-20

PRS-01 DRC-01 /072 W

----- 069872

R 072150Z DEC 73

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 5714

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMEMBASSY CARACAS

AMEMBASSY NASSAU

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E.O. 11652: N/A

TAGS: ENRG, ETRN, EIND, PN, XK, VE, BF, CS

SUBJECT: ENERGY CRISIS: EFFECTS ON COMMERCIAL AVIATION

REF: SAN JOSE 4310, DEC. 6, 1973

BEGIN SUMMARY. FUEL ALLOCATIONS IN SAN JOSE TO THE TWO MAJOR INTERNATIONAL CARRIERS, PAN AMERICAN AND LACSA, HAVE BEEN CUT BACK FROM 1972 LEVELS BY TEXACO, WHICH SERVES AS THE SOLE SUPPLIER TO THESE LINES IN COSTA RICA. THE EFFECT HAS BEEN THE CANCELLATION OF CERTAIN FLIGHTS. WHILE BUSINESS IN THIS USUALLY BUSY MONTH OF DECEMBER IS BOOMING, LACSA, AT LEAST, BELIEVES ITSELF TO HAVE LOST A CONSIDERABLE AMOUNT OF ITS ANTICIPATED INCOME DUE TO THE FUEL SHORTAGE. END SUMMARY

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1. ALLOCATIONS OF AVIATION JET FUEL IN COSTA RICA,

CHIEFLY SUPPLIED BY TEXACO, HAVE BEEN CUT BACK.
THE DECEMBER ALLOCATION FOR LACSA IS
56,100 GALLONS, WHICH LACSA CLAIMS TO
BE 37,900 GALLONS LESS THAN THEY NEED.
PAN AM'S SAN JOSE ALLOCATION FOR DECEMBER
STANDS AT 49,000 WHICH IS 20 PERCENT LESS THAN
ITS NOVEMBER ALLOCATION.

2. TEXACO ALSO SUPPLIES FUEL FOR FLIGHTS
PASSING THROUGH SAN JOSE AT DIFFERENT AIRPORTS
IN THE REGION, THE MAIN ONES BEING: GRAN
CAYMAN, MIAMI AND SALVADOR. ALLOCATIONS
BETWEEN THESE AIRPORTS AND SAN JOSE ARE
CONSTANTLY SHIFTED UP OR DOWN AT THE REQUEST
OF THE AIRLINES SUPPLIED. THE OVERALL PERCENTAGE
CUT IN ALLOCATIONS IS DETERMINED BY
TEXACO'S HEAD OFFICE IN NEW YORK. (MR. ROBERT
DE MARCO OF THE INTERNATIONAL AVIATION SALES
DEPARTMENT HAS THE CALCULATIONS.) THE LOCAL
TEXACO MANAGER DOES NOT KNOW UPON WHAT BASE
CUTS ARE CALCULATED, E.G. TOTAL 1972
DELIVERIES, CORRESPONDING MONTHS BETWEEN
1972 AND 1973,
PREVIOUS MONTHS IN 1973,
OR TOTALS FOR THE FIRST TEN MONTHS OF 1973,
AND DOES NOT WISH TO SPECULATE AS TO THE
PERCENTAGE CHANGES IN ALLOCATIONS WHICH HAVE
RESULTED BECAUSE OF THE FUEL SHORTAGE.

3. THE LOCAL PAN AMERICAN MANAGER CLAIMS
THAT BECAUSE OF THE FUEL SHORTAGE, PAN AM
HAS HAD TO CANCEL FLIGHT 502 OUT OF PANAMA
THREE TIMES A WEEK AND HAVE ONE OF ITS
SAN JOSE FLIGHTS STOP OVER IN MANAGUA TO PICK
UP PASSENGERS WHO WOULD HAVE OTHERWISE BEEN
AFFECTED BY THE CANCELLATION. IT IS HOPED THAT
502 CAN BE BACK TO ITS NORMAL SCHEDULE AFTER
DECEMBER 16. PAN AM HAS ALSO SUBSTITUTED A
JUMBO JET USED ON ITS FLIGHT 516 OUT OF PANAMA
WITH A SMALLER 707 FOUR TIMES A WEEK. NO FLIGHTS
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HAVE BEEN CANCELLED OUT OF SAN JOSE AND NO CAN-
CELLATIONS ARE EXPECTED. THE LOCAL MANAGER CLAIMS
THAT HE HAS LOST NO PASSENGERS IN SAN JOSE BUT
BELIEVES IT IS POSSIBLE THAT PASSENGER BUSINESS
HAS SUFFERED IN MANAGUA AND PANAMA AS A RESULT OF
THE FUEL SHORTAGE. PAN AM CLAIMS THAT ITS CARGO
BUSINESS HAS NOT FALLEN OFF.

4. LACSA DOES NOT PRESENT AS ROSY A PICTURE AS PAN AM. BECAUSE OF THE FUEL SHORTAGE, LACSA CANCELLED TWO FLIGHTS A WEEK TO MIAMI IN NOVEMBER, BRINGING ITS TOTAL FROM 11 DOWN TO 9 A WEEK. DURING DECEMBER IT HAD TO REDUCE ITS PLANNED 14 FLIGHTS TO MIAMI BY 3 BRINGING THE TOTAL DOWN TO 11. PREVIOUS PLANS TO PUT ON THREE EXTRA ROUND-TRIP FLIGHTS TO MIAMI HAVE BEEN DROPPED AS A RESULT OF THE SHORTAGE. CHARTER FLIGHTS HAVE BEEN DROPPED ENTIRELY. COUNTING NORMAL CHARTER TIME AND CANCELLATIONS OF SCHEDULED FLIGHTS, LACSA OFFICIALS ESTIMATE A LOSS OF 21 PERCENT OF TOTAL FLYING TIME IN NOVEMBER AND ABOUT 25 PERCENT LOSS IN DECEMBER. THE RESULTANT LOSS OF PASSENGER FARES IS ESTIMATED AT ABOUT ONE-AND-A HALF MILLION COLONES PER MONTH. SO FAR CARGO HAS NOT BEEN AFFECTED SINCE IT IS NORMALLY CARRIED ON PROPS AND GASOLINE IS AVAILABLE FOR THESE RUNS--ALTHOUGH AT A PRICE ABOUT 25 PERCENT HIGHER THAN THAT OF JULY, 1973. SOME CARGO HAS BEEN SHIFTED FROM JET PASSENGER RUNS TO PROPS, RESULTING IN THE ADDED EXPENSE OF SCHEDULING ADDITIONAL PROP FLIGHTS TO HANDLE THE NORMAL CARGO LOAD.

5. LACSA IS ALSO SUFFERING LOSSES ON CAYMAN AIRWAYS LTD. (CAL), IN WHICH IT HAS 49 PERCENT OWNERSHIP AND WHICH IS ESTIMATED TO PROVIDE 25 PERCENT OF ITS ANNUAL INCOME. CAL IS ALSO SUPPLIED BY TEXACO. CAL CUT DOWN SCHEDULED FLIGHTS IN NOVEMBER FROM 9 A WEEK TO 7. IN THE FIRST HALF OF DECEMBER IT REDUCED ITS PLANNED FLIGHTS FROM 14 TO 7 A WEEK. IN THE SECOND HALF OF DECEMBER IT HOPES TO HAVE 17 SCHEDULED FLIGHTS A WEEK.

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6. ACCORDING TO LACSA'S ESTIMATES, IN ORDER TO RUN ALL FLIGHTS ORIGINALLY SCHEDULED FOR DECEMBER, INCLUDING THE THREE EXTRA FLIGHTS TO MIAMI AND CAL'S CANCELLED FLIGHTS, 175,000 GALLONS MORE OF JET FUEL WOULD BE NEEDED, I.E. 41 PERCENT ABOVE THE OVERALL ALLOCATION OF 422,241 GALLONS WHICH LACSA AND CAL CLAIM TO BE GETTING FROM TEXACO THIS MONTH. IT SHOULD BE NOTED THAT TEXACO'S LOCAL MANAGER POINTED OUT THAT LACSA HASN'T BEEN BUYING FROM GULF AND CITCO IN MIAMI AND THESE PURCHASES MAY TAKE UP THE SHORTFALL SOMEWHAT. ALSO, JET FUEL IS NOT BEING RATIONED IN PANAMA AND LACSA CAN TAKE ON ADDITIONAL SUPPLIES THERE BUT ONLY AT THE EXPENSE OF ADDED WEIGHT WHICH CUTS BACK ON PASSENGER LOAD CAPACITY. TEXACO'S LOCAL FIGURES FOR OVERALL ALLOCATIONS DIFFER

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SOMEWHAT FROM LACSA'S FIGURES. IT IS BELIEVED THAT ONLY TEXACO'S NEW YORK OFFICE HAS THE CURRENT UP-TO-DATE FIGURES.

7. OTHER AIRLINES OPERATING IN COSTA RICA APPEAR TO BE RELATIVELY UNAFFECTED BY THE FUEL SHORTAGE. TACA AND SAHSA BUY THEIR FUEL IN SAN JOSE FROM ESSO WHICH HAS CONTINUED TO SUPPLY AT THE NORMAL RATE.

COPA, WHILE IT BUYS FUEL FROM TEXACO,
TAKES IT ALL ON IN PANAMA AND THE
PANAMANIAN GOVERNMENT THUS FAR HAS NOT
ALLOWED ANY CUTBACKS. LACSA, AT LEAST AT
PRESENT, IS THUS THE ONLY AIRLINE WHICH
SEEMS TO BE SERIOUSLY HURT IN COSTA RICA.
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